

SENATE BILL 173

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SB 375/03 - FIN

2004 Regular Session
4r1224

By: **Senators Klausmeier, Brochin, Dyson, Kramer, and Stone** Stone, Jones, Lawlah, Green, and Middleton

Introduced and read first time: January 23, 2004
Assigned to: Finance

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 10, 2004

CHAPTER _____

1 AN ACT concerning

2 **Commercial Law - ~~Expiration of Gift Certificates and Gift Cards -~~**
3 **Expiration and Service Fees - Prohibition**

4 FOR the purpose of prohibiting a ~~gift certificate or gift card from expiring before its~~
5 ~~use~~ person from selling a gift card or gift certificate that contains an expiration
6 date; prohibiting a person from selling a gift card or gift certificate that contains
7 a service fee unless certain conditions are met; providing that this Act does not
8 apply to certain cards, coupons, gift cards, and gift certificates; prohibiting a gift
9 card or gift certificate issued as a store credit from containing an expiration
10 date or a service charge; providing that existing obligations or contract rights
11 may not be impaired by this Act; providing for the construction and application
12 of this Act; and generally relating to the expiration of and service fees on gift
13 certificates and gift cards.

14 BY adding to
15 Article - Commercial Law
16 Section 14-1319
17 Annotated Code of Maryland
18 (2000 Replacement Volume and 2003 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

1 Article - Commercial Law

2 14-1319.

3 ~~A GIFT CERTIFICATE OR GIFT CARD MAY NOT EXPIRE BEFORE ITS USE.~~4 (A) THIS SECTION DOES NOT APPLY TO:5 (1) A PREPAID TELEPHONE CALLING CARD;6 (2) A PREPAID TECHNICAL SUPPORT CARD;7 (3) A PREPAID ONLINE CONTENT OR SERVICE CARD;8 (4) A COUPON FOR DISCOUNTED GOODS OR SERVICES; OR9 (5) IF THE EXPIRATION DATE APPEARS IN CAPITAL LETTERS IN AT
10 LEAST 10-POINT FONT ON THE FRONT OR BACK OF THE GIFT CARD OR GIFT
11 CERTIFICATE, A GIFT CARD OR GIFT CERTIFICATE THAT:12 (I) IS DISTRIBUTED BY THE ISSUER TO AN INDIVIDUAL UNDER AN
13 AWARDS, LOYALTY, OR PROMOTIONAL PROGRAM IN WHICH THE RECIPIENT DOES
14 NOT GIVE MONEY OR VALUE FOR THE GIFT CARD OR GIFT CERTIFICATE;15 (II) IS SOLD BELOW FACE VALUE AT A VOLUME DISCOUNT TO AN
16 EMPLOYER OR A NONPROFIT OR CHARITABLE ORGANIZATION FOR FUND-RAISING
17 PURPOSES AND EXPIRES MORE THAN 1 YEAR AFTER THE DATE OF SALE OF THE GIFT
18 CARD OR GIFT CERTIFICATE;19 (III) IS SOLD BY A NONPROFIT OR CHARITABLE ORGANIZATION IN
20 CONNECTION WITH A FUND-RAISING EVENT;21 (IV) MAY BE USED TO PURCHASE GOODS OR SERVICES FROM
22 MULTIPLE SELLERS OF GOODS OR SERVICES; OR23 (V) IS REDEEMABLE FOR FOOD, GOODS, OR SERVICES AND DOES
24 NOT HAVE A SPECIFIC CASH VALUE.25 (B) (1) A PERSON MAY NOT SELL A GIFT CARD OR GIFT CERTIFICATE THAT
26 CONTAINS:27 (I) AN EXPIRATION DATE; OR28 (II) A SERVICE FEE, INCLUDING A SERVICE FEE FOR DORMANCY,
29 UNLESS:30 1. THE REMAINING VALUE OF THE GIFT CARD OR GIFT
31 CERTIFICATE IS \$5 OR LESS WHEN THE FEE IS ASSESSED;32 2. THE FEE DOES NOT EXCEED \$1 PER MONTH;

1 3. THERE HAS BEEN NO ACTIVITY, INCLUDING A PURCHASE,
2 AN ADDITION OF VALUE, OR A BALANCE INQUIRY, ON THE GIFT CARD OR GIFT
3 CERTIFICATE FOR AT LEAST 24 CONSECUTIVE MONTHS;

4 4. THE HOLDER MAY RELOAD OR ADD VALUE TO THE GIFT
5 CARD OR GIFT CERTIFICATE; AND

6 5. A STATEMENT IS PRINTED IN A VISIBLE PLACE ON THE
7 FRONT OR BACK OF THE GIFT CARD OR GIFT CERTIFICATE IN AT LEAST 10-POINT
8 FONT STATING:

9 A. THE AMOUNT OF THE FEE;

10 B. HOW OFTEN THE FEE WILL BE IMPOSED;

11 C. THAT THE FEE IS TRIGGERED BY INACTIVITY; AND

12 D. WHEN THE FEE WILL BE IMPOSED.

13 (2) IF THE STATEMENT PRINTED ON THE GIFT CARD OR GIFT
14 CERTIFICATE UNDER PARAGRAPH (1)(II)5 OF THIS SUBSECTION IS HIDDEN BY THE
15 PACKAGING OF THE GIFT CARD OR GIFT CERTIFICATE, THE SELLER SHALL GIVE THE
16 PURCHASER A WRITTEN DISCLOSURE OF THE FEE IN AT LEAST 10-POINT FONT
17 BEFORE THE PURCHASE OF THE GIFT CARD OR GIFT CERTIFICATE.

18 (C) A GIFT CARD OR GIFT CERTIFICATE ISSUED AS A STORE CREDIT MAY NOT
19 CONTAIN AN EXPIRATION DATE OR A SERVICE FEE.

20 SECTION 2. AND BE IT FURTHER ENACTED, That a presently existing
21 obligation or contract right may not be impaired in any way by this Act.

22 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be
23 construed to apply only prospectively and may not be applied or interpreted to have
24 any effect on or application to any gift certificate or gift card issued before the
25 effective date of this Act.

26 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take
27 effect October 1, 2004.